



Patrick W. Henning, Director
March 17, 2009
22M:366:dph:9019



Arnold Schwarzenegger
Governor

Mr. Ruben Aceves, Workforce Development Manager
City of Anaheim Workforce Development Division
50 South Anaheim Boulevard, Suite 200
Anaheim, CA 92805

Dear Mr. Aceves:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the City of Anaheim Workforce Development Division's (City of Anaheim) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board (WIB) and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Mr. David Hinojosa and Mr. David Ajirogi from September 22, 2008 through September 26, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by the City of Anaheim with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with City of Anaheim representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of sampled case files, the City of Anaheim's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on March 6, 2009, and reviewed your comments and documentation before finalizing this report. Your response adequately

addressed finding #1 cited in the draft report. However, this issue will remain open until you provide the required documentation or until we verify your implementation of your stated corrective action plan during a future onsite review. Until then this finding remains open and has been assigned Corrective Action Tracking System (CATS) number 90023.

Because your response did not adequately address finding # 2 cited in the draft report, we consider this finding unresolved. We request that the City of Anaheim provide a corrective action plan to resolve the issue that led to the finding. Therefore this finding remains open and has been assigned CATS number 90024.

BACKGROUND

The City of Anaheim was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. We are providing data from PY 2007-08 because the City of Anaheim has spent only a small amount of their funds allocated for PY 2008-09. For PY 2007-08, the City of Anaheim was allocated: \$684,370 to serve 122 adult participants; \$640,181 to serve 100 youth participants; and \$661,851 to serve 77 dislocated worker participants.

For the quarter ending June 30, 2008, the City of Anaheim reported the following expenditures for its WIA programs for PY 2007-08: \$567,650 for adult participants; \$275,498 for youth participants; and \$495,142 for dislocated worker participants. In addition, the City of Anaheim reported the following enrollments for PY 2007-08: 151 adult participants; 116 youth participants; and 55 dislocated worker participants. We reviewed case files for 30 of the 112 participants enrolled in the WIA program as of September 8, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, the City of Anaheim is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the areas of WIB composition and eligibility. The findings that we identified in these areas, our recommendations, and the City of Anaheim's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA 117 (b)(2)(A)(i) and (b)(4) states, in part, that a majority of the members of the local board shall be representatives of the local business.

Observation: We observed that the WIB membership does not have a business majority. There are currently eleven local business members out of 22 seated Board Members. However, there are three recent non-business member vacancies. The business majority must account for all seats.

Recommendation: We recommended that the City of Anaheim provide the Compliance Review Office Division (CRD), with a corrective action plan (CAP), including a timeline, for appointing the required members currently not represented on the board in order to obtain the business majority. We also recommended that once these vacancies are filled, the City of Anaheim provide CRD with an updated roster.

City of Anaheim Response: The City of Anaheim stated that they continuously work with the Anaheim Chamber of Commerce to identify business representatives for the Anaheim WIB and added two business representatives to the WIB, temporarily restoring the business majority. However, due to job relocation, one business member recently resigned, leaving the number of private and public sector members evenly split. The City of Anaheim expects to fill this vacant business position by June 2009. Once this vacancy is filled the City of Anaheim will provide CRD with the requested updated WIB membership roster.

State Conclusion: The City of Anaheim's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until the City of Anaheim provides CRD with an updated WIB roster showing a business majority. Until then, this issue remains open and has been assigned CATS number 90023.

FINDING 2

Requirement: WIAD 04-18 states, in part, that Local Workforce Investment Areas shall review the WIA Eligibility Technical Assistance Guide (TAG) carefully and review their WIA eligibility policies, procedures, interpretations, guidance, and definitions to assure that they comply with the requirements of the TAG.

WIA Eligibility TAG states, in part, that One-stop operators and applicants must make reasonable efforts to document eligibility for WIA-funded programs. However, the use of applicant statements is allowable to document those items that are not verifiable or are not readily available. The applicant's difficulty in

obtaining documentation does not need to entail privation or suffering (undue hardship) to justify using an applicant statement.

Observation:

We reviewed 30 youth participant case files and observed that the City of Anaheim's youth provider used the applicant statement to document family size in all 30 case files. In addition, they also used the application statement to verify homelessness, pregnancy, income, and residence. The applicant statement included a statement that the youth provider staff "certifies they have made a reasonable effort to obtain eligibility documentation as specified below". However, nowhere is there documentation of those efforts. While it is allowable to use the applicant statement to document those items that are not verifiable or are not readily available, standard pre-printed statements that efforts were made without documenting those efforts are inadequate.

Recommendation:

We recommended that the City of Anaheim establish a CAP to ensure that its youth provider makes the necessary efforts to obtain eligibility documentation and when the documents are not verifiable or are not readily available, to document what reasonable efforts were made on those occasions that the applicant statement was used.

**City of Anaheim
Response:**

The City of Anaheim stated that they delivered training and guidance to the youth provider regarding the collection of eligibility documentation and the appropriate use of the applicant statement, particularly that which constitutes reasonable effort in substantiating a specific eligibility criterion.

However, the City of Anaheim did not provide documentation of the training and guidance stated in its response. Instead, the City of Anaheim provided an email sent to the youth provider transmitting a copy of the Applicant Statement Form and the latest TAG.

State Conclusion:

The City of Anaheim's stated corrective action is insufficient to resolve this issue. It does not appear this training was provided, only the provision of the Applicant Statement Form and the TAG. We recommend that the City of Anaheim follow-up to ensure that the youth provider correctly implemented corrective action. Therefore, we recommend that the City of Anaheim provide a CAP, with a timeline, specifying the follow-up activities on the youth provider. Until then, this issue remains open and has been assigned CATS number 90024.

Mr. Ruben Aceves

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March 17, 2009


We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than April 15, 2009. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is the City of Anaheim's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain the City of Anaheim's responsibility. Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-7005 or Mr. David Hinojosa at (916) 653-4322.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
Daniel Patterson, MIC 45
Georganne Pintar, MIC 50
Gilbert von Studnitz, MIC 50